

House File 124 - Introduced

HOUSE FILE 124

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A BILL FOR

1 An Act relating to school district funding by establishing a
2 district cost per pupil equity budget adjustment for certain
3 budget years, requiring property tax rate reductions for
4 school districts using the district cost per pupil equity
5 budget adjustment, and including effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, subsection 2, Code 2017, is
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. 257.14A District cost per pupil equity
4 — budget adjustment.

5 1. The board of directors of a school district with a
6 regular program district cost per pupil that is less than the
7 highest regular program district cost per pupil among all
8 school districts in the state for the same budget year that
9 wishes to receive the budget adjustment under this section may
10 adopt a resolution by May 15 preceding the budget year and
11 shall within ten days of adoption of the resolution notify
12 the department of management of the amount of the budget
13 adjustment to be received. The resolution adopted by the board
14 of directors shall specify the board's intent to use such funds
15 authorized under subsection 2, paragraph "b", without any
16 corresponding increase to the school district's cash reserve
17 levy or other property tax levy of the school district for the
18 current budget year or any future budget year to replenish such
19 amounts.

20 2. a. For budget years beginning on or after July 1, 2017,
21 but before July 1, 2020, each school district that satisfies
22 the requirements of subsection 1 shall be eligible for a
23 budget adjustment for that budget year in an amount not to
24 exceed the difference between the school district's regular
25 program district cost per pupil and the highest regular program
26 district cost per pupil among all school districts in the state
27 multiplied by the district's budget enrollment. The resolution
28 adopted under subsection 1 may specify a budget adjustment
29 amount that is less than the maximum amount authorized under
30 this paragraph "a".

31 b. The school district shall fund the budget adjustment
32 either by using moneys from its unexpended fund balance or by
33 using cash reserve moneys.

34 3. A budget adjustment received under this section shall
35 not affect the eligibility for or amount of any other budget

1 adjustment authorized by law for the same budget year. In
2 addition, a budget adjustment under this section shall be
3 limited to the budget year for which the adjustment was
4 authorized and shall not be included in any computation of a
5 school district's cost for any future budget year.

6 4. For each budget year that a school district authorizes
7 a budget adjustment under this section, the department of
8 management shall, following property tax levy rate calculations
9 and state foundation aid amount calculations under this chapter
10 or any other applicable provision of law, reduce each of
11 the following property tax levy rates imposed by the school
12 district for that budget year by one percent:

13 a. The foundation property tax levy rate under section
14 257.3.

15 b. The additional property tax levy rate under section
16 257.4.

17 c. The instructional support property tax levy rate under
18 section 257.19.

19 d. The educational improvement property tax levy rate under
20 section 257.29.

21 e. The cash reserve levy rate under section 298.10.

22 Sec. 3. Section 257.34, Code 2017, is amended to read as
23 follows:

24 **257.34 Cash reserve information.**

25 1. If a school district receives less state school
26 foundation aid under [section 257.1](#) than is due under that
27 section for a base year and the school district uses funds
28 from its cash reserve during the base year to make up for
29 the amount of state aid not paid, the board of directors of
30 the school district shall include in its general fund budget
31 document information about the amount of the cash reserve used
32 to replace state school foundation aid not paid.

33 2. If a school district uses funds from its cash reserve
34 during the base year to fund a budget adjustment under section
35 257.14A, the board of directors of the school district shall

1 include in its general fund budget document information about
2 the amount of the cash reserve used for such purpose.

3 Sec. 4. IMPLEMENTATION. Notwithstanding the deadline
4 for adopting a resolution to approve the budget adjustment
5 in section 257.14A, subsection 1, for the school budget
6 year beginning July 1, 2017, the resolution of the board of
7 directors of a school district shall be approved not later than
8 June 10, 2017.

9 Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
10 immediate importance, takes effect upon enactment.

11 EXPLANATION

12 The inclusion of this explanation does not constitute agreement with
13 the explanation's substance by the members of the general assembly.

14 This bill establishes a district cost per pupil equity
15 budget adjustment. The board of directors of a school district
16 with a regular program district cost per pupil that is less
17 than the highest regular program district cost per pupil among
18 all school districts in the state for the same budget year may
19 annually adopt a resolution to receive the budget adjustment
20 authorized in the bill. Following adoption of the resolution
21 the board of directors must within 10 days notify the
22 department of management of the amount of the budget adjustment
23 to be received. The bill requires the resolution adopted by
24 the board of directors to specify the board's intent to use the
25 authorized funding sources without any corresponding increase
26 to the school district's cash reserve levy or other property
27 tax levy of the school district for the current budget year or
28 any future budget year to replenish the funding sources used.

29 For budget years beginning on or after July 1, 2017, but
30 before July 1, 2020, each eligible school district is eligible
31 for a budget adjustment for that budget year in an amount
32 equal to the difference between the school district's regular
33 program district cost per pupil and the highest regular program
34 district cost per pupil among all school districts in the
35 state multiplied by the district's budget enrollment. The

1 resolution authorizing the budget adjustment may specify a
2 budget adjustment amount that is less than the maximum amount
3 authorized under the bill. The bill requires the school
4 district to fund the budget adjustment either by using moneys
5 from its unexpended fund balance or by using cash reserve
6 moneys.

7 The bill specifies that the budget adjustment received does
8 not affect the eligibility for or amount of any other budget
9 adjustment authorized by law for the same budget year and that
10 the budget adjustment under the bill is limited to the budget
11 year for which the adjustment was authorized and shall not be
12 included in any computation of a school district's cost for any
13 future budget year.

14 For each budget year that a school district authorizes a
15 budget adjustment under the bill, the department of management
16 is required to, following property tax levy rate calculations
17 and state foundation aid amount calculations under Code
18 chapter 257 or any other applicable provision of law, reduce
19 each of the following property tax levy rates imposed by
20 the school district for that budget year by 1 percent: (1)
21 foundation property tax levy rate under Code section 257.3; (2)
22 additional property tax levy rate under Code section 257.4; (3)
23 instructional support property tax levy rate under Code section
24 257.19; (4) educational improvement property tax levy rate
25 under Code section 257.29; and (5) school district levy rate
26 for cash reserve under Code section 298.10.

27 Under the bill, if a school district uses funds from its
28 cash reserve during the base year to fund a budget adjustment
29 authorized in the bill, the board of directors of the school
30 district shall include in its general fund budget document
31 information about the amount of the cash reserve used for such
32 purpose.

33 Notwithstanding the May 15 deadline for adopting a
34 resolution to approve the budget adjustment provided for in the
35 bill, for the school budget year beginning July 1, 2017, the

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1 resolution of the board of directors of a school district must
2 be approved not later than June 10, 2017.

3 The bill takes effect upon enactment.